



**DOING BUSINESS**

**IN SWEDEN**

**December 2025**

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## 1 WHY SWEDEN?

Sweden possesses a history of a strong and stable economy, making it an attractive location for foreign investments. It is one of the most competitive economies in Europe and is known for its strong business climate, free-market environment, and commitment to innovation. Sweden is a hot spot for start-ups and home to some of the world's leading companies in a range of industries.

In comparison with many other countries, Sweden has a very reliable legal system and offers several efficient processes that facilitate business establishment and operations.

The population in Sweden amounts to 10 million. Being a smaller market, Sweden can be a valuable location to try new ideas and products before rolling them out to larger markets. It is also a good starting point for companies that want to extend to the Scandinavian and Nordic market.

Sweden is member of the European Union but has chosen to keep its currency (SEK). As of November 2025, the exchange rate is approximately 11.0 SEK to 1 EUR and 9.5 SEK to 1 USD (rates fluctuate daily).

## 2 INVESTMENTS

The Swedish parliament enacted in December 2023 a new act providing for screening of foreign direct investments ("FDI"). The purpose of the FDI Act is to prevent foreign direct investments that may harm national security, public order or public safety through a screening mechanism. The FDI Act entails increased requirements for domestic as well as cross-border transactions. One of the key elements of the FDI Act is the mandatory notification requirement for investments in undertakings domiciled in Sweden that carry out certain protected activities. Non-compliance with the FDI Act may result in significant penalties. The screening authority may impose administrative fines of up to SEK 100 million.

## 3 COMPANY FORMATION

The most common legal form for businesses in Sweden is a private limited company (Swe: Aktiebolag or in short AB). Setting up a limited company in Sweden is a relatively simple and straightforward process. A limited company can be started by one or more natural persons or legal entities.

The minimum share capital for a limited company is SEK 25,000. The company is registered with the Swedish Companies Registration Office at a fee of approximately EUR 300. In addition, companies must also calculate with additional costs such as costs for legal support and services like address registration or hiring local directors.

Thirdly, you will need to have a registered address to register the business at. The cost of a virtual office in Sweden can vary depending on the provider and the specific services you require. You can expect to pay anywhere from around SEK 500 to SEK 1000 per month for a basic virtual office service in Sweden, which typically includes a business address, mail handling, and sometimes limited use of physical office space. Services like dedicated phone lines, call answering services, administrative support, use of meeting rooms, and more extensive use of physical office space would likely come at additional cost. Please note that prices can vary significantly depending on the city, the prestige of the office location, and the specific package of services you choose.

So, while it's difficult to provide a precise average cost, a rough estimate might be in the range of SEK 20,000 - 50,000 or more for the full setup of a Swedish private limited company. However, this is a rough estimate, and the actual cost could be higher or lower depending on the specific circumstances. Secondly, a partnership (Swe: Handelsbolag or in short HB). This is a good option for small businesses, as it is simpler and cheaper to set up than a limited company. Partnerships are not as common in Sweden as limited companies, but they offer some advantages for very small companies that are primarily focused on the Swedish market. Partners are personally liable for risk and losses of the company, which makes it less appealing in many cases.

Third, the Swedish Limited partnership (Swe: Kommanditbolag or in short KB) is a type of business entity that is similar to the HB but with a few key differences. The KB is formed by two or more partners, one of whom is the managing partner. The managing partner is responsible for the day-to-day operations of the company and has full liability for its debts. The other partners are called limited partners, and they have no responsibility for the company's debts beyond the amount that they have invested in it. This makes the KB a good option for investors who want to be involved in a business but want to limit their financial exposure.

Finally, it is also possible to establish a branch office (Swe: Filial). A branch is a good option for businesses that want to establish a presence in the country but are not ready to set up a full-fledged company. A branch office is a separate legal entity from its parent company and is taxed separately. It must have a representative in Sweden who is responsible for managing the office and filing reports with Swedish authorities.

## **4 MARKETING ARRANGEMENTS**

The Swedish Marketing Act (Swe: Marknadsföringslagen) governs the way a company may promote goods and services. The legislation is designed to safeguard consumers and ensure that all advertising and marketing activities are truthful and non-misleading.

The Swedish Marketing Act requires that marketing activities comply with good marketing practice. Good marketing practice refers primarily to the non-statutory system of norms developed within the business community, which may vary depending on the industry, product or sales method.

The Swedish Consumer Agency's regulations, general guidelines and industry agreements may be relevant in determining what constitutes good marketing practice in each respective area

The Swedish Marketing Act applies to the promotion of products, including goods, services and real property. The legislation is applicable before, during and after the sale of a product. Advertising, e-commerce, telesales and customer service management are examples of marketing methods covered by the legislation. Actions taken by third parties on behalf of a company are also considered marketing activities and fall within the scope of the Swedish Marketing Act.

## **5 TAXATION IN SWEDEN**

Swedish taxation law is a comprehensive and progressive system designed to fund public services, promote social welfare, and maintain economic stability. Rooted in the principles of fairness and equality, Sweden's tax framework encompasses various types of taxes, each serving specific purposes to support the country's social and economic goals.

Sweden's taxation law is characterized by its commitment to social equality, economic competitiveness, and environmental sustainability. A transparent and well-enforced tax system supports the country's robust public services and contributes to Sweden's reputation as a prosperous and socially responsible nation. Ongoing adjustments and international cooperation ensure the continued effectiveness and fairness of the Swedish tax framework.

## 5.1 Income Tax

Personal income tax in Sweden is progressive, with rates ranging from approximately 30% to 50%. High-income earners are subject to higher tax rates. Deductions and exemptions are available for certain expenses and investments.

## 5.2 Capital Gains Tax

People living in Sweden are subject to taxation on capital gains accrued while residing here. Earnings from bank savings, financial tools, various claims, dividends, and profits obtained by a resident are considered taxable investment income. This includes interest earnings, dividends, profits from selling stocks, and rental income from leasing real estate or apartments.

Typically, investment income and capital gains are taxed uniformly at a 30% rate. However, there are certain exceptions.

## 5.3 Value Added Tax (VAT)

VAT, known as “moms” in Sweden, is applied to the sale of goods and services. The standard rate is 25%, with reduced rates for specific items such as food, books, and cultural events.

VAT registration is mandatory for businesses exceeding a certain turnover threshold, ensuring broad participation in the tax system.

## 5.4 Corporate Tax

Corporate income tax is applied to the profits of both limited liability companies and other business entities. The standard corporate tax rate is approximately 20%, making it competitive within the European context.

Incentives for research and development, as well as deductions for interest expenses, contribute to a favorable environment for businesses.

## 5.5 Environmental Taxes

Sweden has implemented environmental taxes to promote sustainable practices. Taxes on carbon emissions, energy consumption, and waste disposal aim to encourage businesses and individuals to reduce their environmental impact.

## 5.6 Global Tax Cooperation

Sweden actively participates in international efforts to combat tax evasion and promote transparency. Sweden adheres to OECD standards and supports initiatives like the Automatic Exchange of Information (AEOI) to enhance global tax cooperation.

## Tax Compliance and Digitalization

Sweden is at the forefront of digitalizing tax processes. Online platforms facilitate tax filing, and electronic communication between taxpayers and the Swedish Tax Agency streamlines compliance.

## 6 COMMERCIAL CONTRACTING

The fundamental principles on which the Swedish contract law is ultimately based on are party autonomy and pacta sunt servanda (i.e. agreements must be kept). There is a great respect for the “freedom of contract” and the overall lack of formal requirements is one of the key-elements of Swedish contract law.

Contracts in Sweden are primarily governed by the Swedish Contracts Act, which outlines the essential elements for a valid contract. The formation of contracts according to the Contracts Act is based on the model of “offer and acceptance”. This model provides that an offer is binding for the party making the offer if the counterparty accept the offer, without any changes or additions to the offer, within a reasonable time.

The “offer and acceptance” model is not mandatory law and contracts can be formed in other ways. If the true intention of two (or more) parties is to enter into an agreement on specific terms and conditions, then such an agreement is formed. The challenge can however be to prove this afterwards. The burden of proof will fall on the party making the assertion to show that the parties’ joint intentions was to enter into an agreement. Since there is no written contract or other documentary evidence, this burden of proof may be difficult to meet. Another alternate way to form a contract is through conduct. If the involved parties have conducted themselves in a manner suggesting a shared intention and understanding to establish a contractual relationship, then a valid and binding agreement will be considered to exist.

In accordance with the Swedish Contract Act, contracts may be deemed invalid under specific circumstances. The Act outlines various grounds for contract invalidity, including lack of capacity, mistake, fraud, coercion, and violation of mandatory rules. Further, one of the special features of Swedish contract law is the so-called general clause (section 36). The general clause provides for the modification or setting aside of one or more individual terms in a contract if such are unconscionable considering the content of the contract, circumstances related to the formation of the contract, subsequent events or other circumstances. Thus, the Swedish contract law provides a limitation to the freedom of contract by not allowing terms conditions that could be considered too unfair to either one of the parties.

A contract may be terminated either for cause or without cause. The termination of contract is usually governed in each agreement and in Swedish contract law, clauses that specify the termination of a contract at a particular time or under specific conditions are typically supported and recognized. If the contract is silent in the respect of notice period for termination, it has been established in Swedish case law that the parties have to observe a reasonable notice period. For example, for contractual relationships of long duration, a notice period of six months is usually considered a reasonable notice period.

The Swedish contract law provides that the parties are required to act in accordance with their agreements. As a general rule, if a party is in breach of contract, the breaching party is obliged to compensate the non-breaching party so as to put the non-breaching party in the same economic position as it would have found itself in had it not been for the breach. The Swedish contract law does not provide for punitive or exemplary damages. The basis of the Swedish contract law in respect to damages, is that it provides for compensatory damages only. However, the parties are free to agree on the monetary consequences of a breach of contract and terms and conditions about liquidated damages and/or penalties are generally valid and enforceable under Swedish law.

## **7 EMPLOYMENT**

The labour market in Sweden is regulated by both legislation and through collective bargain agreements. Mandatory law and collective bargain agreements provide a comprehensive framework for the terms of employment. The Swedish labour market has a long-standing tradition of self-regulation by employers' organizations and trade unions. The membership ratio in trade unions is at a higher level in Sweden than most other European countries.

### **7.1 Key-elements in the Swedish Labour Market Regulations**

There is no statutory minimum wage. However, rates of pay can be regulated by a collective bargain agreement.

There are several rules in labour law legislation which are designed to protect trade union activity and influence, inter alia, the Co-Determination in the Workplace Act. For example, under the Co-Determination in the Workplace Act, the employer is obliged to negotiate with the trade union organizations before making certain decisions regarding their business.

Normal working hours in Sweden are a maximum of 40 hours per week. Overtime is limited to 48 hours over a four-week period or 50 hours over a period of one month. Total overtime may not exceed 200 hours in any 12-month period.

## **7.2 Leave/Time Off**

All employees are entitled to at least 25 days paid leave per year after one year of work at the company. Employees on sick leave receive sick pay from their employer from the second day up to and including day 14. For sick pay, employers must make a waiting day deduction corresponding to 20% of the sick pay for an average week. Parents in Sweden are entitled to a total of 480 days of paid parental benefits leave when a child is born or adopted. Each parent is entitled to 240 of those days. The employer must pay a national social security contribution, which amounts to 31,42% of gross salary. The contributions are used to fund benefits such as an old-age pension, survivor's pension, health insurance, occupational injury insurance, parental insurance, and unemployment insurance and also include a general payroll fee.

## **8 REAL ESTATE**

### **8.1 Real Estate Introduction**

The basis for Swedish property law is the Code of Land Laws (Swe. Jordabalken), which regulates all essential aspects of real estate, such as property fixtures, formal requirements, mortgages, usufructs (the right to use and derive profit from a property), easements, leases and the registration of property rights. Other important statutes governing real estate in Sweden are the Real Property Formation Act (Swe: Fastighetsbildningslagen) and the Planning and Building Act (Swe: Plan- och bygglagen).

### **8.2 Ownership and Transfer of Real Estate**

There are no general legal restrictions related to who can buy or own a property in Sweden. However, some types of acquisitions are subject to certain control-mechanisms. For example, acquisitions of certain classes of land and acquisitions that falls within the scope of the FDI can be subject to permission from the Swedish authorities.

Further, there are some requirements related to the transfer of title to real estate in Sweden. A valid transfer of title to real estate in Sweden requires (as minimum) a written agreement, signed by both the seller and the buyer, and registration of the transfer with the Swedish Land Registry (Swe. Lantmäteriet). The name, purchase price and the transfer of real estate must be stated in the written agreement.

### 8.3 Tax Implications

In Sweden, the stamp duty on transfer of real estate takes form of a one-time transfer tax, payable upon the transfer of real estate from the seller to the buyer. The seller and buyer are jointly and severally responsible for paying the stamp duty. However, it is customary that the parties agree that cost for stamp duty shall be borne by the buyer.

The capital gain arising from a disposal of real estate is generally subject to capital gain tax. However, it is possible to minimize the tax implications, by structuring the transaction in the right way. For example, by making the transfer through a sale of shares of a company holding the real estate in question, the stamp duty will not be applicable and the capital gain arising from the disposal of shares in a company is often exempt from tax.

### 8.4 Lease

The Code of Land Laws governs the legal relationship between landlords and tenants. Rent control measures and tenant protection are prominent features under Swedish law. As a main rule, the rent must be a fixed amount. When it comes to commercial leases, however, an index-linked rent, and compensation for landlord's costs for the property in certain cases, is allowed provided that the lease period is longer than three years. Regarding commercial leases, the legal protection of tenant is indirect, which means that the landlord can be liable for damages if the landlord terminates the agreement or refuses to extend the lease period without legal ground.

## 9 PROTECTING INTELLECTUAL PROPERTY

Protection of intellectual property may be of the utmost importance to a company when doing business in Sweden, both as a way to combat infringement and as a showcase of the commercial value of your company.

Sweden boasts a robust legal framework for intellectual property protection, promoting innovation and creativity across various industries. Swedish intellectual property legislation covers a wide range of rights, including patents, trademarks, copyrights, and designs.

Swedish intellectual property legislation is aligned with international standards, providing a strong framework for innovators and creators to protect their intellectual assets. This legal environment fosters a climate of innovation and creativity, making Sweden an attractive destination for businesses and individuals seeking to secure their intellectual property rights.

## 9.1 Patents

Patents are governed by the Swedish Patent Act (Swe. Patentlagen) and provide inventors with exclusive rights to their inventions for up to 20 years. The Swedish Patent and Registration Office (PRV) is responsible for patent registration and enforcement. Patents protect new and inventive products, processes, and technical solutions.

## 9.2 Trademarks

Trademarks are regulated under the Trademarks Act (Swe. Varumärkeslagen). Trademarks can be registered with the PRV and provide exclusive rights to use distinctive signs for goods and services. Trademark protection lasts for ten years and can be renewed indefinitely.

## 9.3 Copyright

Swedish copyright law is largely harmonized with European Union directives. The Copyright Act (Swe. Upphovsrättslagen) governs copyright protection in Sweden. Copyright covers literary, artistic, and scientific works, granting creators exclusive rights for the duration of their lifetime plus 70 years.

## 9.4 Designs

Design rights, covering the visual appearance of products, are protected under the Design Protection Act (Swe. Mönsterskyddslagen). Design protection is granted for up to 25 years with the possibility of renewal. The PRV handles design registration.

## 9.5 Trade Secrets

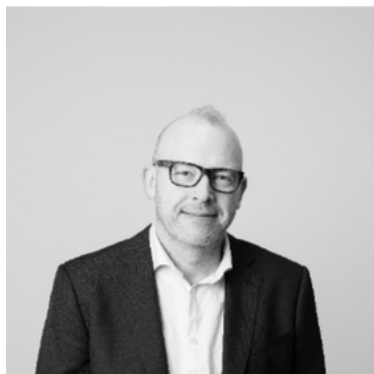
Trade secrets are protected under the Trade Secrets Act (Swe. Lagen om företagshemligheter) to safeguard confidential business information. This legislation aims to prevent the unlawful acquisition, use, and disclosure of valuable business secrets.

## 9.6 Enforcement

Swedish intellectual property legislation provides for civil and criminal remedies against infringement. The Swedish legal system offers efficient and reliable means to enforce IP rights.

## 10 CONTACT INFORMATION

Please feel free to contact us for further information:



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